



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

DRAFT

Date:	02/11/13	Bill No:	Assembly Bill 282
Tax Program:	Underground Storage Tank Maintenance Fee	Author:	Wieckowski
Sponsor:	CORE Environmental Reform, Inc.	Code Sections:	HSC 25299.43
Related Bills:		Effective Date:	01/01/14

BILL SUMMARY

This bill extends the temporary underground storage tank maintenance fee rate increase of six mills (\$0.006) per gallon for an additional two years, from January 1, 2014, to January 1, 2016.

ANALYSIS

CURRENT LAW

Health and Safety Code (HSC) Section 25299.41 of the current law¹ requires underground storage tank (UST) owners to pay a storage fee of six mills (\$0.006) on each gallon of petroleum (including, but not limited to, gasoline and diesel fuel) placed in their underground storage tanks. From 1995 to 2006, HSC Section 25299.43 increased the fee by an additional eight mills (\$0.008), for a total storage fee of fourteen mills (\$0.014) per gallon of petroleum placed in the tank. In 2009, the fee was temporarily increased by an additional six mills (\$0.006), to a total of twenty mills (\$0.020) per gallon, effective on and after January 1, 2010.

While the temporary rate increase was effective until December 31, 2011, the Legislature extended the temporary rate another two years until January 1, 2014.² The fee is scheduled to revert back to the previous rate of fourteen mills (\$0.014) per gallon on January 1, 2014.

The fees are reported and paid to the Board of Equalization (BOE), pursuant to the Underground Storage Tank Maintenance Fee Law,³ and are deposited into the UST Cleanup Fund. These funds are earmarked for the cleanup of leaking tanks. The entire UST maintenance fee sunsets on January 1, 2016.

PROPOSED LAW

This bill extends the temporary six mills (\$0.006) increase in the UST maintenance fee rate. If extended, the total UST maintenance fees will be twenty mills (\$0.020) on each gallon of petroleum placed in an underground storage tank until January 1, 2016. After that date, the entire fee is scheduled to sunset.

The bill is effective January 1, 2014.

¹ Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989, Chapter 6.75 (commencing with Section 25299.40) of Division 20 of the Health and Safety Code.

² Assembly Bill 291 (Stats. 2011, Ch. 569).

³ Part 26 (commencing with Section 50101) of Division 2 of the Revenue and Taxation Code.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE's formal position.

BACKGROUND

The UST Cleanup Fund was originally established in 1989 by SB 299 (Keene). Subsequent legislation affected fees, fund accounts, repeal dates, and various other provisions.

AB 291 (Stats. 2011, Ch. 569), extended the temporary six mills (\$0.006) per gallon UST maintenance fee from January 1, 2012 to January 1, 2014.

AB 1188 (Stats. 2009, Ch. 649), among other things, temporarily increased the UST maintenance fee by an additional six mills (\$0.006) per gallon between January 1, 2010, and December 31, 2011.

SB 1161 (Stats. 2008, Ch. 616), among other things, extended the sunset date of the fee to January 1, 2016.

AB 1906 (Stats. 2004, Ch. 774) increased the fee by one mill (\$0.001) effective January 1, 2005, and by another one mill (\$0.001) effective January 1, 2006.

COMMENTS

1. **Sponsor and Purpose.** This bill is sponsored by CORE Environmental Reform, Inc. According to the author, the current fee schedule ensures that sites are returned to productive use.
2. **An extension of the temporary rate increase would not be difficult for the BOE to administer.** As provided in HSC Section 25299.51, the State Water Resources Control Board is authorized to expend revenues to pay for the BOE's administrative costs.

COST ESTIMATE

The BOE would incur absorbable costs to notify fee payers and change programs.

REVENUE ESTIMATE

This bill extends the six mill (\$0.006) fee increase for each gallon of petroleum stored in underground tanks. BOE staff estimates fee revenue would increase by \$104.4 million ($\0.006×17.4 billion gallons = \$104.4 million) in 2014. In calendar year 2015, fuel consumption is expected to drop slightly; we estimate increased revenues of \$103.8 million ($\0.006×17.3 billion gallons = \$103.8 million) in 2015.

The following depicts revenues for 2014 and 2015 if the rate is extended:

Year	Total Consumption	Fee Extension	Additional Revenue
2014	17,405,171,269	\$0.006	\$104,431,028
2015	17,297,124,917	\$0.006	\$103,782,750

This revenue estimate does not account for any changes in economic activity that may or may not result from enactment of the proposed law.

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